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PUBLISHED BY

*The* **FEDERAL CROP INSURANCE CORPORATION**

*United States Department of Agriculture*

August 30, 1939

*Washington, D.C.*

Number 14

News Letter is designed to inform field workers of the AAA and FCIC of developments in the crop insurance program and is not for general distribution

### 12,000 GROWERS RECEIVE

2 3/4 MILLION BUSHEL

Through August 16 the Corporation had made indemnity payments to 11,986 insured wheat growers whose crops failed or did not yield up to the insured coverage. These payments represent more than 2 3/4 million bushels or the equivalent of \$1,470,521. Payments have gone to 29 of the 30 states in which "all-risk" insurance was written on the 1939 harvest. A large majority of the settlements to date have been in the winter wheat states where the adjustment and indemnity payment phase of the 1939 program is nearing completion. Practically all claims so far have been paid in cash equivalent.

More Nebraska growers have received indemnities so far than any other state with 2,814, amounting to 452,769 bushels but Texas, with 2,031 indemnified growers has received 846,194 bushels. Figures on premiums paid and indemnities received in the six most important winter wheat states shows that a balance has almost been struck with the first complete year's operations nearing completion. Here are the figures in a lump sum for Kansas, Nebraska, Missouri, Ohio, Texas and Oklahoma:

Premiums received - - - 2,295,804 bushels

Indemnities paid out- - - 2,260,641 "

It is expected that the spread of 35,163 bushels between premiums received and indemnities paid will more than be absorbed by partial losses yet to be settled in these states. A table showing indemnities paid to all states, appears on the next page.

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### MICHIGAN WILL HAVE GOOD

CROP OF POLICIES: DOAN

A bumper crop of insured wheat growers is in prospect for Michigan under the 1940 insurance program according to Maurice Doan, State Agricultural Conservation Committee chairman. "We wrote about 5,000 policies under the 1939 program, but this year we really expect to have 25,000 in force in Michigan." Of the 100,000 wheat farms in the state Mr. Doan reports prospects indicate at least one-fourth of these will carry insurance in 1940. The fact that various hazards caused losses in 1939 coupled with the fact these losses were scattered through the wheat-growing areas has stimulated insurance sales, he said.

INDEMNITY REPORT BY STATES  
SHOWING INDEMNITIES PAID AS OF AUGUST 16, 1939

States	Number of indemnities paid	Net Cash	Indemnities paid
<u>Kansas City Office:</u>			Bushels
California	226	\$ 100,133.41	154,380
Colorado	143	18,356.09	41,083
Iowa	461	17,922.29	35,912
Kansas	1,206	254,916.26	487,350
Missouri	879	35,462.33	67,558
Nebraska	2,814	226,475.83	452,769
New Mexico	2	1,236.48	2,415
Oklahoma	2,233	200,426.29	387,755
Texas	2,031	455,065.15	846,194
Utah	9	2,517.32	7,034
Wyoming	30	3,950.83	9,793
Total - - - - -	10,034	1,316,462.28	2,492,243
<u>Indianapolis Office:</u>			
Illinois	348	14,854.61	25,209
Indiana	386	21,139.81	33,460
Michigan	60	1,762.31	3,021
Ohio	274	12,263.47	19,015
Total - - - - -	1,068	50,020.20	80,705
<u>Minneapolis Office:</u>			
Minnesota	76	5,384.64	8,867
Montana	13	1,231.75	2,832
North Dakota	6	1,390.84	2,481
South Dakota	614	75,835.13	139,880
Wisconsin	17	947.56	1,457
Total - - - - -	726	84,789.92	155,517
<u>Spokane Office:</u>			
Idaho	2	491.80	1,917
Oregon	20	10,758.28	19,363
Washington	19	3,079.14	6,231
Total - - - - -	41	14,329.22	27,511
<u>Washington Office:</u>			
New York	10	587.00	920
New Jersey	1	85.56	124
Pennsylvania	16	412.98	751
Maryland	83	2,794.06	4,319
Delaware	3	135.30	205
Virginia	4	905.18	1,100
Total - - - - -	117	4,920.08	7,419
GRAND TOTAL	11,986	\$1,470,521.70	2,763,395

## NEBRASKA INDEMNITIES NOW

EXCEED PREMIUMS COLLECTED      Entering the home stretch in payment of 1939 indemnities, the Nebraska state office had through August 15 approved and sent to the Kansas City disbursing office 4,774 claims totaling 729,316 bushels. Premium collections in the state for 1939 amounted to slightly over 600,000 bushels. On the same date, 2,698 farmers had actually received checks for \$222,601, while 24 losses had been paid with warehouse receipts for 5,793 bushels of wheat.

Community committeemen are in the field with the 1940 program, working against application deadlines of September 15 in the western part of the state and September 20 in the eastern part. Revision of Form ACP-100 delayed the start of the sales campaign slightly, because a large majority of Nebraska farmers is expected to pay premiums with the ACP advances.

Says C. B. Holmes, state crop insurance supervisor: "We are shooting at doubling the 13,000 policies we had in 1939. Judging by the first reports coming in from the country, I don't think there's a bit of question that we'll reach that mark." Increased coverage in the summer fallow area, heavy 1939 losses, availability of the ACP advancement of premium and better understanding of the entire AAA wheat program are factors which indicate a big increase in the number of insured farmers. Educational work for 1940 has stressed losses paid in 1939 and the importance of the seeding-date deadline for applying for 1940 insurance.

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## ONE FAILURE IN 23 YEARS

Ernest Christopherson of Ione, Oreg., will collect crop insurance indemnities this year because 512 acres of his wheat failed to produce a normal harvest. Mr. Christopherson, who has farmed his present land since 1916, said this was the first crop failure he has ever had, and went on to say that he thought "all farmers should carry crop insurance. Practically every year somebody has a crop failure. One never knows when or where it is going to strike."

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## HAZARDS HIT MICHIGAN

Michigan has proved to be one of the Nation's most severe testing grounds for the first year of Federal Crop Insurance, according to Maurice Doan, Michigan State Agricultural Conservation Committee Chairman. "We have suffered crop losses from almost every type of hazard that confronts wheat growers," he says. "We either have paid or received reports of losses from drought, winter-kill, floods, rust, hail, Hessian fly and other insects."

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## INSURED WHEAT STACKS BURN

Fire destroyed the insured wheat stacks on the farm of Lloyd Bramwell near Windyville, Mo., just as he was about to thresh. In addition to the wheat, 500 bushels of oats and the grain separator were burned. Mr. Bramwell's wheat was harvested from 12 acres on which he had paid a premium of slightly more than one-half bushel an acre. His indemnity amounted to 98 bushels, the equivalent of \$53.21.



## CLOSING DATES HAVE BEEN SET

### FOR WINTER WHEAT INSURANCE

Deadlines for acceptance of applications and premium payments from growers who wish to insure their 1940 winter wheat crop against all unavoidable hazards have been announced. The fact should be emphasized that under the 1940 program, all growers, to be insured, must have their paid-up applications on file with their county AAA committee before the crop is seeded this fall.

The closing dates ranging from September 15 to November 30, have been set to allow all winter wheat growers to file applications up to the end of the normal planting season for their area. Applications must be complete before the crop is seeded in order that all growers will be on the same basis with regard to the prospects of the crop. No deadlines have been set for acceptance of applications on 1940 spring wheat. The map on the next page shows the winter wheat deadlines for the various states.

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BRIGHT PROSPECTS!

Increased crop insurance business is predicted for Nebraska and Missouri, where losses paid this year have provided incentive for growers to insure their 1940 crop. About 90 percent of the Missouri farmers who insure under the 1940 program are expected to take advantage of ACP assignments in protecting their crop. In both Missouri and Nebraska meetings have been held preliminary to the actual field presentation work. In Saunders County, Nebr., 2,000 applications and 900 policies were produced under the 1939 program. It is expected that this county will have 2,000 insured wheat farmers in 1940.

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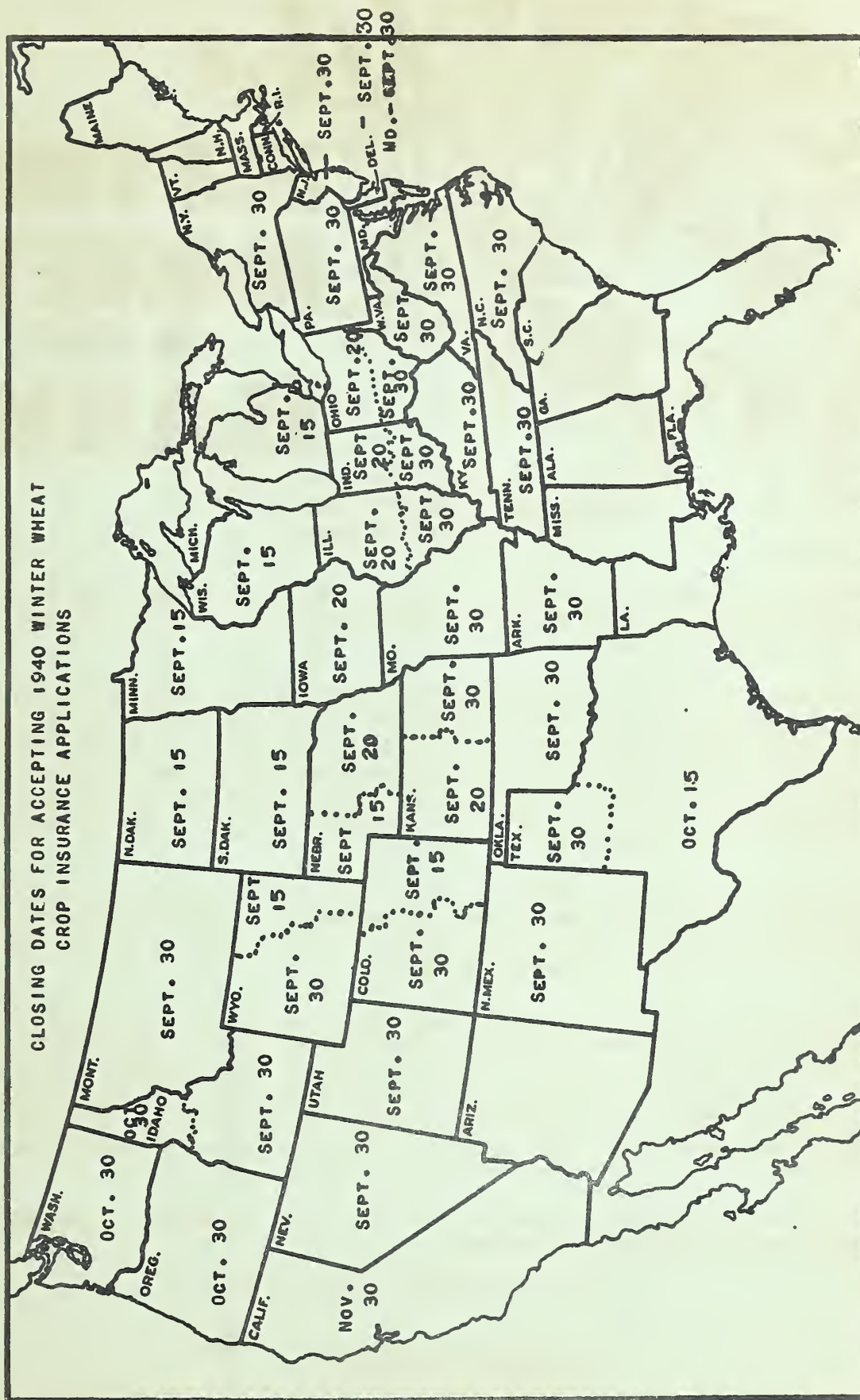
## 35,000 KANSAS GROWERS

### MAY INSURE 1940 CROP

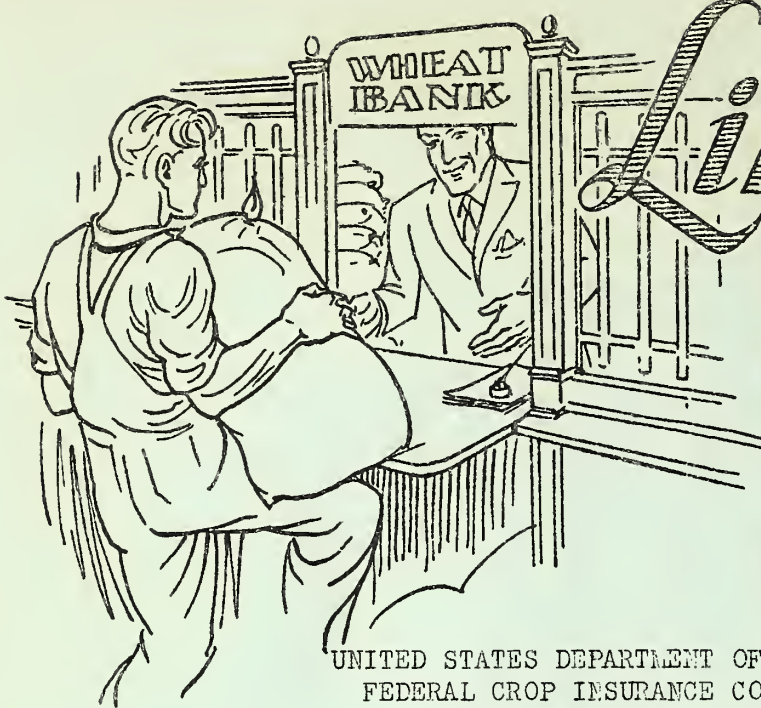
More than twice as many Kansas wheat farmers will insure their 1940 wheat crop as insured their crops in 1939, according to reports from that state with the second year's program well under way. In 1939 approximately 15,000 policies were in force in Kansas and it is predicted that this figure will reach 35,000 on the 1940 crop. As of August 16, 1,206 Kansas growers had received indemnities amounting to 487,350 bushels as a result of crop losses. Before all settlements are made in the state, it is highly probable that indemnities paid out will exceed premiums paid in -- in other words, Kansas growers have seen how crop insurance protects them.

Yields and premium rates are based on long-time averages, however, and will even up over a period of years. But every year, rain or shine, the insured grower has the immeasurable advantage of knowing that he will have a normal income from his wheat acreage, and that he can plan a farm budget that nature cannot knock "haywire."

# CLOSING DATES FOR ACCEPTING 1940 WINTER WHEAT CROP INSURANCE APPLICATIONS







# Like PUTTING MONEY *in the* BANK

UNITED STATES DEPARTMENT OF AGRICULTURE  
FEDERAL CROP INSURANCE CORPORATION  
(Name of Town and State)

Dear Mr. Blank:

When you put money in the bank, it means that money becomes available for use by folks who need it -- it's used for loans and kept at work. Yet, when you need it, it's there for you.

When you put a premium into the wheat crop insurance program, you're putting wheat into a bank where it will work for the good of all insured wheat growers -- to protect them against crop losses. At the same time the wheat other farmers put in the reserve is working for you, too, because when you pay your premium you are guaranteed that you will have at least 75 percent of an average crop, rain or shine. Back of that guarantee is the wheat in the insurance reserve to which many farmers have contributed -- the wheat bank.

And when we say "wheat bank" we mean just that. All of the premiums paid in by growers under the crop insurance plan are invested in actual wheat in storage by the Federal Crop Insurance Corporation. This wheat is held in trust for the one purpose of meeting losses of insured growers.

Crop insurance makes it easy for individual growers to maintain a reserve against crop failure. Although you pay a small annual premium, the effect is just the same as if you had put aside 75 percent of a crop, and earmarked it "To be used in case of crop failure." Yet this reserve doesn't wear out when you use it. Even if you have two or three crop failures in a row, as long as you're insured, you still will be entitled to draw indemnities to keep your wheat production up to the insured amount.

Get in touch with your county AAA committee and let them tell you how you can put this "wheat bank" to work for you.

Yours for wheat in "the bank"

\_\_\_\_\_, Chairman  
County AAA Committee

NOTE: Stencils with the above illustration - not the letter - impressed on them are available for use by county committeemen in mailing circular letters to local wheatgrowers. They may be obtained upon request through the State AAA offices.



Crop insurance does pay. This statement is ably supported by a study made of a typical Kansas county by that state's Agricultural Adjustment Administration committee to show how the wheat farmer who insures his crop every year over a long-time period will come out ahead. According to this study wheat crop insurance will improve the financial situation of the farmer in three important ways. First, it will assure a much more uniform income from year to year; second, it will remove most of the hardship of crop-failure years in areas that otherwise would have no income from wheat; and third, it opens up for the first time a large and convenient source of credit.

In one Kansas wheat-belt county, the committee found that the wheat farmers in that county received in 1 year one-fourth of the cash they received from wheat in 20 years. This resulted in an unjustified boom in land prices, making it impossible for a long time following that year for any farmer to buy a farm at a price he could pay from the income from the farm. It led farmers to make obligations that used up all of their income except what they needed for a bare existence. They obviously would have been better off if they could have had their income spread more evenly over the entire 20-year period.

To show the cash net gain that would have accrued to the benefit of an insured farmer over the 20-year period, the following tabulation is given, based on a 300-acre Kansas wheat farm:

Total income with crop insurance - 20 yrs.	-	\$58,962	or	\$2,948	per year
Less cost of crop insurance - " "	-	9,240	or	462	" "
Income less cost of insurance - " "	-	49,772	or	2,486	" "
Total net income without insurance - " "	-	45,324	or	2,266	" "
NET CASH GAIN FROM CROP INSURANCE - " "	-	4,398	or	220	" "

The above figures are arrived at on the basis of the premium rate at 30 percent of the coverage, i.e., if the coverage is 5 bushels an acre the premium rate would be 1.5 bushels.

It was found that during 10 of the 20 years in the study, crops were so poor that very substantial increases in income would have resulted if crop insurance had been carried. Actually there would have been an increase in the net income of the farmers in this county of \$14.66 an acre for the 20 years if insurance had been carried, due to the fact that the wheat received as indemnities had a greater per bushel value than that paid in as premiums. This increase in the net income was said to be equal to about half the price of the land on which the wheat was grown, and almost equal to the total taxes paid on the land during the entire 20-year period. In the county on which the above figures are based, almost total crop failure occurred seven of the 20 years under consideration. Without insurance, in 10 of the 20 years the crop, regardless of price, was worth less than \$4 an acre; with crop insurance, only one crop of the 20, the 1933 crop, had a value of less than \$4 an acre.

With respect to the value of crop insurance as a new and convenient source of credit the Kansas state committee points out several features as to why an insured crop is a type of security that any bank or other lending agency should willingly loan money on up to the insured number of bushels: First, the hazard of crop failure is entirely eliminated; second, if only a part of a crop or no crop at all is raised, the loan, or at least part of it, will be paid directly by the Crop Insurance Corporation from the indemnity due the insured. In some respects such loans are better than loans upon actual stored wheat because the value of insurance indemnity wheat cannot be destroyed or diverted. And unlike livestock, machinery, buildings, etc., it cannot grow old, wear out, die of disease, burn up or blow away. Since many wheat farmers have no livestock even to produce livestock products needed at home, this credit will make it possible for such farmers to buy livestock for this purpose.

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#### IDAHO'S FIRST INDEMNITY

The first indemnity payment to be made in Idaho was presented to C. H. Callender of Rathdrum several weeks ago by A. H. Knudson of Coer d'Alene, chairman of the Kootenai County Agricultural Conservation Association. Mr. Callender received \$55 because his 25-acre wheatfield was damaged by drought. His premium was the equivalent of about 12 bushels of wheat.

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